

## Message Text

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70

ORIGIN ARA-20

INFO OCT-01 ISO-00 AGR-20 AID-20 EB-11 IO-14 RSC-01

COME-00 TRSE-00 SWF-02 INRE-00 NSCE-00 SSO-00 PA-04

PRS-01 USIA-15 IGA-02 L-03 CIAE-00 INR-10 NSAE-00

/124 R

DRAFTED BY ARA/EP/P:MRRFRECHETTE

APPROVED BY ARA-LA/EP:SMPRINGLE

USDA/FAS:RSPENCER

EB/OF/FPD:RSIMPSON

EB/IFD/ODF:RGELBARD

EB:TENDERS

ARA-LA/EP:RFWEBER

ARA/PAF:GWALLACE

ARA:HWSHLAUDEMAN

----- 028518

O 03,233Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

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EO11652NA:DECONTROL MAY 6, 1974

TAGS: EAGR, EFIN, PE

SUBJECT: CCC CREDIT

1. DEPT. OF AGRICULTURE ON MAY 6,1974 WILL ISSUE A NOTICE TO EXPORTERS THAT A DOLS 15 MILLION LINE OF CCC CREDIT HAS BEEN ESTABLISHED FOR PERU. FOLLOWING PRESS GUIDANCE HAS BEEN PREPARED FOR USE BY THE DEPT. PRESS SPOKESMAN ON MAY 6. EMBASSY SHOULD DRAW ON IT FOR ANY QUERIES ON THE SUBJECT. THE PERUVIAN EMBASSY APPROVES OF AND IS PLEASED BY THIS APPROACH.

2. BEGIN QUOTE. Q. WHY DID THE DEPARTMENT OF AGRICULTURE  
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ISSUE A LINE OF CCC CREDIT TO PERU FOR WHEAT? ISN'T THE CCC PROGRAM SUSPENDED BECAUSE WE ARE SHORT OF WHEAT? (ADVISORY: THE DEPARTMENT OF AGRICULTURE ON MAY 6 ISSUED A NOTICE TO EXPORTERS THAT A DOLS 15 MILLION LINE OF CCC CREDIT FOR WHEAT HAS BEEN ESTABLISHED FOR PERU. THIS FINANCING APPLIES ONLY TO THOSE SALES MADE 7 DAYS AFTER THE DATE OF THE USDA ANNOUNCEMENT AND IS EFFECTIVE THROUGH OCT 31, 1974. THE CREDIT PERIOD IS 36 MONTHS WITH EQUAL ANNUAL PAYMENTS OF PRINCIPAL PLUS ACCRUED INTEREST. THE GUARANTOR IS THE PERUVIAN BANCO DE LA NACION. THE RATE OF INTEREST WILL BE THAT SPECIFIED IN THE FINANCING APPROVALS ISSUED BY THE DEPT. OF AGRICULTURE. CURRENT RATES ARE 9 1/2 PERCENT FOR US BANK OBLIGATIONS AND 10 1/2 PERCENT FOR FOREIGN BANK OBLIGATIONS.) SUGGESTED REPLY: PERU HAS BEEN

A TRADITIONAL AND VALUED CUSTOMER FOR US CEREALS, PARTICULARLY WHEAT. THE US HAS MAINTAINED ITS POSITION AS PERU'S MAJOR SUPPLIER OF CEREALS IN RECENT YEARS LARGELY THROUGH THE CCC PROGRAM. THE LAST LINE OF CCC CREDIT FOR PERU WAS FOR DOLS 80 MILLION. THIS LINE OF CREDIT EXPIRED ON JUNE 30, 1973 AND WAS FULLY UTILIZED FOR THE PURCHASE OF GRAINS AND VEGETABLE OIL. UNTIL RECENTLY WE WERE NOT IN A POSITION TO RENEW PERU'S LINE OF CREDIT. HOWEVER, US WHEAT SUPPLIES WILL EASE IN A FEW WEEKS AS A RECORD WINTER WHEAT HARVEST BEGINS.

Q. WHY DID YOU OFFER THE CREDIT AT THIS TIME? SUGGESTED REPLY: OVER THE LAST YEAR, PERUVIAN OFFICIALS HAVE REPEATEDLY STATED THEIR INTEREST IN REGAINING ACCESS TO CCC CREDIT AT THE EARLIEST POSSIBLE DATE. APPARENTLY PERUVIAN WHEAT STOCKS ARE SUFFICIENT FOR THE FIRST HALF OF 1974, BUT PERU IS SEEKING ABOUT 100,000 METRIC TONS OF WHEAT AND ADDITIONAL AMOUNTS OF FEED GRAINS FOR DELIVERY IN THE JULY-DECEMBER 1974 PERIOD. PERU GENERALLY PURCHASES HARD RED WHEAT FROM THE US, AND THE NEW CROP HARVEST FOR THIS TYPE OF WHEAT BEGINS IN MAY. SINCE WE WILL HAVE SOME WHEAT FOR EXPORT IN THE PERIOD OF INTEREST TO PERU, AND SINCE WE SEEK TO PRESERVE OUR POSITION IN THE PERUVIAN MARKET IN THE FACE OF ACTIVE COMPETITION FROM OTHER WHEAT SUPPLIERS, WE HAVE DECIDED TO OFFER THIS NEW CREDIT LINE WHICH COVERS 100,000 METRIC TONS OF WHEAT. END QUOTE. RUSH LIMITED OFFICIAL USE

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMODITY AGREEMENTS, CREDIT AGREEMENTS, PRESS RELEASES, WHEAT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1974STATE091773  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** MRRFRECHETTE  
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**Film Number:** D740107-0328  
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**Office:** ORIGIN ARA  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Authority:** garlanwa  
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**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 971030  
**Subject:** CCC CREDIT  
**TAGS:** EAGR, EFIN, PE, US  
**To:** LIMA  
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